

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6120

BILL NUMBER: HB 1012

NOTE PREPARED: Apr 1, 2013

BILL AMENDED: Jan 24, 2013

SUBJECT: Sale of a Public School Building.

FIRST AUTHOR: Rep. Lehman

FIRST SPONSOR: Sen. Kruse

BILL STATUS: Enrolled

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that a school corporation may sell a vacant or unused school building after the school building is made available for sale or lease to a charter school for at least two years. (Current law provides that a vacant or unused school building may be sold to an entity other than a charter school after 48 months.)

The bill also provides that a governing body shall make available for lease or purchase to any charter school any vacant or unused school building owned by the school corporation or any other entity that is related in any way to, or created by, the school corporation or the governing body, including a building corporation. (Current law provides that a governing body shall make available for lease or purchase to any charter school any vacant or unused school building owned by the school corporation).

The bill provides that a governing body of a school corporation may request a waiver from the Department of Education (Department) from the requirement that a vacant school building must be made available to a charter school. It provides that, after a governing body of a school corporation sends a waiver request to the Department, the sponsor or membership organization representing charter schools may submit a qualified objection to the waiver request to the Department. The bill also provides that the Department must deny a waiver request if it receives a qualified objection.

The bill requires a charter school or related entity to transfer to the school corporation an amount equal to the gain, minus the adjusted basis of the school building, from a subsequent sale of a school building to a third party by the charter school or related entity.

The bill requires the Department to notify a school corporation of a charter school's intent to purchase or lease a vacant school building within 30 days of receiving a written notification from a charter school.

The bill provides that if the Department does not receive a qualified objection from a charter school or statewide organization representing charter schools, the governing body may dispose of the vacant or unused school building in any lawful manner.

The bill provides that the definition of a charter school includes an entity or group seeking approval from a sponsor to operate a charter school.

Effective Date: Upon passage.

Explanation of State Expenditures: The bill could have a minor impact on the state due to the Department of Education having to notify each charter school sponsor and statewide organization representing charter schools of a request for a waiver by a school corporation from the requirement that a vacant school building must be made available to a charter school.

Explanation of State Revenues:

Explanation of Local Expenditures: Under the bill, a school corporation may request from the DOE a waiver from the requirement that a vacant school building must be made available to a charter school. This provision of the bill could potentially increase expenditures by charter schools for buildings, if the number of unused school buildings available for lease or purchase by charter schools is reduced. The impact is likely to be minimal since, under the bill, the DOE must notify each charter school sponsor and statewide organization representing charter schools of a waiver request. If a charter school has any intention of possibly using the building, they would probably file an objection under the bill and the building would remain on the unused school buildings list.

Background: The current unused school building report has 14 school corporations listing 37 unused school buildings. Currently, a school corporation is required to lease a school building on the State Unused School Building List for \$1 per year. The charter school is responsible for the maintenance of the building.

Explanation of Local Revenues: The bill could increase the revenue for local schools depending on the number of buildings school corporations are able to sell under the bill and depending on the selling price of those buildings.

(Revised) The bill could also increase the revenue to local schools if a building that was leased or sold to a charter school is sold by the charter school to another entity.

State Agencies Affected: Department of Education.

Local Agencies Affected: Local school corporations; Charter schools.

Information Sources: Department of Education Charter School Website,
<http://www.doe.in.gov/student-services/charter-schools>.

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